

**PROCEEDING BEFORE ALLAN L. MCVEY  
INSURANCE COMMISSIONER OF THE STATE OF WEST VIRGINIA**

**IN THE MATTER OF  
CONTINENTAL INDEMNITY COMPANY (NAIC 28258)  
ADMINISTRATIVE PROCEEDING NO. 18-MAP-02003**

**CONSENT ORDER**

This Consent Order is made between Continental Indemnity Company (hereinafter, "Continental") and the West Virginia Insurance Commissioner. The effective date of this Consent Order is the date of entry by the Commissioner.

**STIPULATIONS OF FACT AND LAW**

1. Allan L. McVey (hereinafter "the Commissioner") is the duly appointed Insurance Commissioner for the State of West Virginia, and as such is charged with the responsibility of enforcing the various provisions of Chapters 23 and 33 of the West Virginia Code, in addition to the administrative rules promulgated thereunder.

2. Continental is licensed by the Commissioner to transact insurance business in the State of West Virginia as permitted and authorized under Chapter 33 of the West Virginia Code.

3. The Commissioner's market conduct examiners observed four petitions regarding Continental's alleged failure to timely act in workers' compensation claims. Three of the petitions resulted in orders finding Continental failed to timely act in alleged violation of various time standards set forth in Chapter 23 of the West Virginia Code and Title 85 of the West Virginia Code of State Rules.

4. Although the number of policies are numerically small compared to other carriers in the state of West Virginia, the Commissioner's market conduct examiners observed, with respect to the aforementioned petitions, Continental has incurred a ratio of orders, alleging failure to timely act. This ratio is above average in frequency of workers' compensation carriers, in relation to Continental's current share of workers' compensation premiums.

5. As a result, a market conduct examination was called by the Commissioner on October 13, 2017.

6. The Commissioner's Examiners submitted a verified Report of Market Conduct Examination to the Commissioner on April 26<sup>th</sup>, 2018.

7. The Report of Market Conduct Examination included findings of violations of W. Va. Code §§ 23-4-1c(a), 23-4-14(b)(2) and 23-5-1 (b)(1), 23-2c-5(c)(8), as well as violations of W. Va. Code R. §§ 85-1-7.2, 85-1-10.1, 85-1-10.5c, and 85-2-1.

8. Continental did not dispute any of the findings or conclusions contained within the Report of Market Conduct Examination.

### **AGREEMENT AND ORDER**

NOW, THEREFORE, the parties do hereby agree, and it is ORDERED by the Commissioner, as follows:

### **ORDER**

Pursuant to W.Va. Code §33-2-9(j)(3)(A), following the review of the Report of Market Conduct Examination, the examination work papers, and Continental response thereto, the Insurance Commissioner and Continental have agreed to enter into this Agreed Order adopting the Report of Market Conduct Examination.

It is accordingly ORDERED as follows:

1. The Report of Market Conduct Examination of Continental for the period ending October 31, 2017, is hereby ADOPTED and APPROVED by the Insurance Commissioner;
2. It is further ORDERED that within thirty (30) days of the next regularly scheduled meeting of its Board of Directors, Continental shall file with the West Virginia Insurance Commissioner, in accordance with W.Va. Code §33-2-9(j)(4), affidavits executed by each of its directors stating under oath that they have received a copy of the adopted Report of Market Conduct Examination and a copy of this ORDER ADOPTING REPORT OF MARKET CONDUCT EXAMINATION AND DIRECTING CORRECTIVE ACTION.
3. It is further ORDERED that Continental shall ensure compliance with the West Virginia Code and the Code of State Rules. Specifically, Continental shall follow the recommendations in standards identified in the Report of Market Conduct Examination;
4. It is further ORDERED that CONTINENTAL SHALL FILE a Corrective Action Plan which will be subject to the approval of the Insurance Commissioner. The Corrective Action Plan shall address and incorporate all recommendations specifically cited in the Report of Market Conduct Examination by the Insurance Commissioner's examiners. The Corrective Action Plan outlined in this Order must be submitted to the Insurance Commissioner for approval within thirty (30) days of the entry date of this Agreed Order. Continental shall implement reasonable changes to the Corrective Action Plan if requested by the Insurance Commissioner within thirty (30) days of the Insurance Commissioner's receipt of the Corrective Action Plan. The Insurance Commissioner shall provide notice to Continental if the Corrective Action Plan is disapproved and the reasons for such

disapproval within thirty (30) days of the Insurance Commissioner's receipt of the Corrective Action Plan;

5. The Corrective Action Plan shall include dates which are acceptable to the Insurance Commissioner by which Continental shall cure each violation identified in the Report of Market Conduct Examination and implement each recommendation of the examiners.

6. The parties understand that the corrective action plan contains proprietary, confidential and sensitive information. The parties agree that work documents produced in connection with activities related to this Consent Order and any communications shared with the Commissioner related thereto are confidential pursuant to W.Va. Code §§ 33-2-9 and 33-2-19 subject to any exceptions included in said Code sections.

7. Continental agrees to retain records of all activities as set forth in its Corrective Action Plan, including training attendance records, for a period of 6 years from the date of the release from the Corrective Action Plan mandated in this Order.

8. Continental further understands and agrees to pay an administrative penalty of five-thousand dollars for all violations as set forth in the Report of Market Conduct Examination pursuant to W. Va. Code §33-3-11.

9. Continental understands and agrees that, by executing this Consent Order, it waives any and all rights to an administrative hearing or appeal with respect to the issues addressed herein except in the context of an examination as provided for in W.Va. Code §33-2-9.

10. This Consent Order resolves only those issues addressed herein and the Commissioner reserves and preserves all rights concerning his duties and legal responsibilities as enumerated to him under West Virginia law. More specifically, this Consent Order is not intended and may not be construed to limit the authority of the Commissioner in investigating and taking appropriate action regarding the claim handling practices of Continental concerning a particular claim regarding issues not addressed herein.


11. It is further ORDERED that Continental shall continue to monitor its compliance with state and federal laws applicable to the operation of its business in the State of West Virginia.

IN WITNESS, WHEREOF, Continental and the Commissioner have duly executed this Consent Order as of the dates indicated below.

ENTERED THIS 23<sup>rd</sup> day of May, 2018.

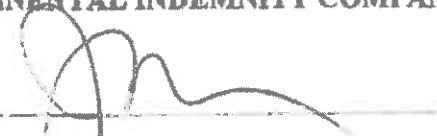
  
Allan L. McVey  
Insurance Commissioner

REVIEWED AND AGREED TO BY:

  
Gregory A. Elam  
Associate General Counsel

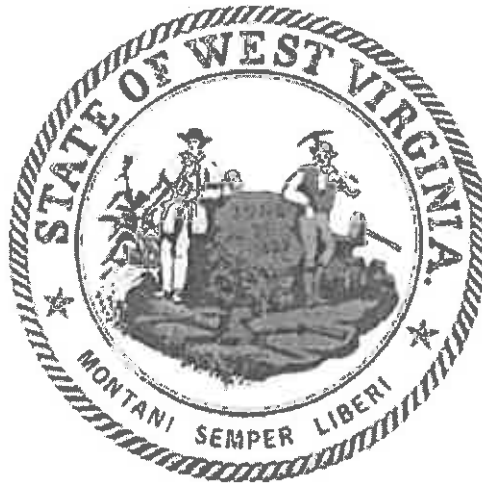
Dated: 5/22/14

CONTINENTAL INDEMNITY COMPANY

By:   
Its: Secretary  
Date: 5/22/14

# Report of Market Conduct Examination

As of October 31, 2017



Continental Indemnity Company  
10805 Old Mill Road  
Omaha, NE 68154-2607

**NAIC:** 28258

**Examination Number** 17-MC-TRGT-02002

**MATS:** WV-WV014-11

Date Prepared:  
April 26, 2018

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April 26, 2018

The Honorable Allan L. McVey, CPCU, ARM, AAI, AAM, AIS  
West Virginia Insurance Commissioner  
900 Pennsylvania Avenue  
Charleston, West Virginia 25302

Dear Commissioner McVey:

Pursuant to your instructions and in accordance with West Virginia Code §§33-2-9, a Market Conduct examination has been made for the period of 01/01/2015 through 10/31/2017 on the practices of the Workers' Compensation business lines for

Continental Indemnity Company  
10805 Old Mill Road  
Omaha, NE 68154-2607

hereinafter referred to as the "Company". The following report of the findings of this examination is herewith respectfully submitted.

## **PURPOSE AND SCOPE OF THE EXAMINATION**

Market conduct examiners with the WVOIC reviewed certain business practices of Continental Indemnity Company. W.Va. Code §33-2-9 empowers the Commissioner to examine any entity engaged in the business of insurance. The findings in this report, including all work products developed in producing it, are the sole property of the WVOIC. Utilizing state-specific Workers' Compensation market analysis tools, the Company was found to be directly cited in four "failure to timely act" instances since 2008. The purpose of this targeted examination was to determine the Company's compliance with West Virginia insurance laws relating to treatment policyholders and claimants. Examination information contained in this report should serve only this purpose. The conclusions and findings of this examination are public record.

The basic business areas that were reviewed and tested under this examination were:

- Complaint Handling
- Claims Practices
- Rating and Premium Auditing

Each business area has standards that the examination measured. Some standards have specific statutory guidelines or regulatory, whereas others company guidelines or are governed by the NCCI's Basic Manual. Since this was a targeted examination, the WVOIC examined only the standards pertinent to the targeted examination.

## **EXECUTIVE SUMMARY**

The examination work related to Continental Indemnity Company commenced February 26, 2018, and concluded April 26, 2018. The Company in 2016 had a state market share of 0.158% with direct written premiums of \$413,207. Due to the limited activity for Continental Indemnity Company during the examination period, the entire population of claims (20) and policies (11) were reviewed. There were twenty total claims and one was an incident only and not applicable leaving sixteen paid and three denied claims. Three of the nineteen claims passed all tests. Sixteen of the claims had one or more violations. No errors were discovered in the eleven policies reviewed.

The following are areas of concern:

- The Company failed to properly issue notifications regarding initial ruling letters (B1 & J1), temporary total disability awards (C1), and closure of temporary total disability (C4).



- The Company failed to provide the protest language protest clause when required (giving the claimant the right to protest the decision with 60 days of receipt to the Office of Judges) on the initial ruling letter. (B2)
- The Company did not calculate and pay indemnity payments correctly. (C3)
- The Company did not pay the PPD award timely. (D3)
- The Company did not submit the Subsequent Report of Injury report(s) (M2) and did not report closure of the claim (M3) under the Electronic Data Interchange.

With the exception of the issues noted Continental appeared to have otherwise properly handled its claims. The Company has initiated corrective action for each area where a violation was found.

## **HISTORY AND PROFILE**

Continental Indemnity Company ("CNI") is a wholly owned subsidiary of North American Casualty Co., which is a wholly owned subsidiary of Applied Underwriters, Inc. which is an indirect subsidiary of Berkshire Hathaway Inc. CNI formerly known as Continental National Indemnity company was acquired by North American Casualty corporation pursuant to a Form A filed with the Ohio Department of Insurance. Subsequent to the purchase, Continental Indemnity Company, with the approval of the Ohio Department of Insurance and Iowa Division of Insurance, was redomiciled to Iowa and its name changed from Continental National Indemnity Company to Continental Indemnity Company. In 2006, Continental Indemnity Company's ultimate parent was acquired by Berkshire Hathaway Inc. pursuant to a Stock Purchase and Warrant Agreement. Continental Indemnity Company writes exclusively workers' compensation insurance in the various states in which it operates.

## **METHODOLOGY**

The examiners conducted file reviews. This examination report is a report by test, rather than a report by exception, and all elements tested are described and the results indicated.

Typically, areas below 93% would generally require systemic corrective action. Any element scoring below 100% will detail the observations of the specific issue and include a recommendation.

Each area of the examination has specific elements that were tested and the areas and elements are listed below. The examiners may not have discovered every unacceptable or non-

compliant activity in which the Company is engaged. The failure to identify, comment on, or criticize specific practices does not constitute an acceptance of the practices by the West Virginia Offices of the Insurance Commissioner or its examiners. A compliance table follows containing results of each area of review with the compliance percentage for the Company.

#### **ELEMENTS OF THE REVIEW**

**A. COMPLAINTS: THE TIME FRAME WITHIN WHICH THE EMPLOYER RESPONDS TO COMPLAINTS IS IN ACCORDANCE WITH APPLICABLE STATUTES, RULES AND REGULATIONS.** (2017 NAIC Market Regulation Handbook Chapter 16, § B Standard 4)

1. Did the Company respond to complaints received from the WVOIC within fifteen (15) working days? [W.Va. Code R. § 85-1-16]

**B. INITIAL COMPENSABILITY DECISIONS AND INVESTIGATIONS ARE CONDUCTED IN A TIMELY MANNER.** (2017 NAIC Market Regulation Handbook Chapter 16, § G Standards 1, 2 & 6)

1. Did the Company properly investigate then provide a written ruling on a claim within fifteen (15) working days, or if "tolled" while evidence for the claim is gathered, rule in the appropriate time? [W.Va. Code §§ 23-4-1c (a) and (b) & W.Va. Code R. § 85-1-10.1]
2. Did the Company include on the written notice of the decision the protest clause? [W. Va. Code § 23-5-1(b)(1) & W.Va. Code R. § 85-1-7.2]

**C. TEMPORARY TOTAL DISABILITY (TTD)** (2017 NAIC Market Regulation Handbook Chapter 16, § G Standards 3 & 6)

1. Did the Company properly notify the claimant of the TTD award? [W.Va. Code § 23-5-1]
2. Did the Company immediately pay amounts due the claimant for benefits upon determination of eligibility? [W.Va. §§ 23-4-1c(b) and (g)]
3. Did the Company calculate and pay indemnity payments correctly? [W.Va. Code § 23-4-14(b)(2) and Informational Letter 162A]
4. Did the Company issue temporary total disability closure letters properly? [W.Va. Code §§ 23-5-1, 23-4-7a and 23-4-22]

**D. PERMANENT PARTIAL DISABILITY (PPD) (2017 NAIC Market Regulation Handbook Chapter 16, § G Standards 3 and 6)**

1. Did the Company act on PPD evaluations timely? [W.Va. Code R. § 85-1-10.5 a. The responsible party shall act on a permanent disability evaluation report received from a physician to whom the responsible party referred a claimant in a claim for injuries and occupational diseases other than occupational pneumoconiosis within thirty (30) working days of receipt by the responsible party of the report.]
2. Did the Company make timely IME referrals? [W.Va. Code R. § 85-1-10.5 b. The responsible party shall make a referral of a claimant to a physician for examination and evaluation in response to a request by or on behalf of the claimant for consideration of a permanent disability award in a claim for injuries and occupational diseases other than occupational pneumoconiosis within thirty (30) working days from the date the request was received by the responsible party.]
3. Did the Company commence PPD award payments timely? [W.Va. Code R. § 85-1-10.5 c. Permanent partial disability awards may be paid, at the discretion of the responsible party, either by lump sum or in installments consistent with applicable law. Payment of permanent partial awards shall commence within fifteen (15) working days of the decision granting the award.]
4. Did the Company calculate and pay the payment correctly? [W.Va. Code § 23-4-14(b)(2) and Informational Letter 162A]

**E. MEDICAL AUTHORIZATIONS (2017 NAIC Market Regulation Handbook Chapter 16, § G Standards 3& 6)**

1. Did the Company comply with W. Va. Code R. §85-1-10.3? "Medical treatment, medications, appliances, devices and supplies. – The responsible party shall act upon an injured worker's request for authorization of medical treatment, medications, appliances, devices and supplies within fifteen (15) working days from the date the request was received by the responsible party."

**F. NON-AWARDED PARTIAL BENEFITS (NAP) (2017 NAIC Market Regulation Handbook Chapter 16, § G Standard 6)**

1. Are non-awarded partial disability benefits paid at the same rate as the permanent partial disability rate per W.Va. Code R. § 85-1-9.7?

**G. DEATH CLAIMS (FATAL)** (2017 NAIC Market Regulation Handbook Chapter 16, § G Standard 3 & 6)

1. Were the death benefits in the proper amounts and to the proper person(s) per W. Va. Code §§23-4-1 and 23-4-10.

**H. CLOSURE** (2017 NAIC Market Regulation Handbook Chapter 16, § G Standard 6)

1. Is the claim properly closed and a notice issued? [W.Va. Code § 24-4-16 and Supreme Court of Appeals of West Virginia decision May 23, 2008, LOVAS v. CONSOLIDATION COAL COMPANY]

**I. OCCUPATIONAL PNEUMOCONIOSIS** (2017 NAIC Market Regulation Handbook Chapter 16, § G Standard 3 and 6)

1. Did the Company enter non-medical decisions in occupational pneumoconiosis claims within ninety (90) days from the date the responsible party receives properly executed, prescribed forms? (can be “tolled” for no more than thirty (30) additional days during the evidence gathering process) [W.Va. Code § 23-4-15b and W.Va. Code R. § 85-1-10.2] (If necessary, this should reflect in the report as N/A with explanation as none were in the samples.)

**J. DENIED AND CLOSED WITHOUT PAYMENT** (2017 NAIC Market Regulation Handbook Chapter 16, § G Standard 9)

1. Did the Company properly investigate then give a written ruling on a claim within fifteen (15) working days, or if “tolled” while evidence for the claim is gathered, rule in the appropriate time? [W.Va. Code § 23-4-1c (a) and W.Va. Code R. § 85-1-10.1]
2. Are claims handling practices meeting West Virginia statutes, rules and regulations of “denied” and “closed without payment” claims including proper notifications, reasonable basis for denial, and whether claimants are provided adequate instructions for rebuttals? [W.Va. Code §§ 23-5-1(a) 23-5-1(b)(1)]
3. Are claims denied inappropriately due to a technicality? [W.Va. Code §23-5-13]
4. Is appropriate protest/grievance language on the decision order? [W.Va. Code §§ 23-5-1(b)(1) and 23-4-3(f) and W.Va. Code R. §§ 85-1-7.2 and 85-21-10.2b]
5. Are denied claim investigations by the Company complete and thorough?

**K. OFFICE OF JUDGES (OOJ) AND BOARD OF REVIEW (BOR) ORDERS (2017 NAIC Market Regulation Handbook Chapter 16, § G Standard 11)**

1. Did the Company comply with all orders of the Office of Judges ("OOJ") and the Board of Review ("BOR") and all mandates of the West Virginia Supreme Court of Appeals within thirty (30) days from the date of receipt, unless the responsible party is required to act sooner under the terms of the order or mandate or the order or mandate is subject to a lawfully ordered stay? [W. Va. Code § 23-5-9(f) and W.Va. Code R. § 85-1-10.7]

**L. DOCUMENTATION (2017 NAIC Market Regulation Handbook Chapter 16, § G Standard 5)**

1. Did the Company follow state statutes, rules and regulations which require that claim files contain adequate documentation and to be maintained in a manner so that pertinent events and dates of such events can be reconstructed if necessary? [W.Va. Code R. §§ 85-18-13.3 and 13.4]

**M. EDI - DOES THE COMPANY PROMPTLY AND ACCURATELY PROVIDE THE WVOIC WITH ALL NECESSARY CLAIM INFORMATION TO MAINTAIN THE WORKERS' COMPENSATION CLAIM INDEX? [W.VA. CODE §23-2C-5(C)(8) AND W.VA. CODE R. §85-2-1 ET SEQ. AND WEST VIRGINIA OFFICES OF THE INSURANCE COMMISSIONER'S ELECTRONIC DATA INTERCHANGE ("EDI") IMPLEMENTATION GUIDE] (2017 NAIC Market Regulation Handbook Chapter 17, § G Standard 3)**

1. FROI – Did the Company submit the First Report of Injury report timely within ten (10) business days?
2. SROI - Did the Company submit the Subsequent Reports of Injury report(s) updates on each claim either monthly or quarterly?
3. Closing - Did the Company properly report closure of the claim when no additional transactions are expected on the claim? (For example: A notification that an accident has occurred is not a request for a compensability decision and therefore should not be denied (FROI 04) or administratively closed (SROI FN) and should be canceled as a FROI 01.)

**N. THE COMPANY COOPERATE ON A TIMELY BASIS WITH EXAMINERS PERFORMING THE EXAMINATION.** (2017 NAIC Market Regulation Handbook Chapter 16, § A Standard 9)

1. Did the Company respond to RFI's in a timely manner?
2. Did the Company provide records in a timely basis and cooperate with the examination? [W.Va. Code R. §85-18-13.6]

**O. OTHER ISSUES**

**P. THE RATES CHARGED FOR THE POLICY COVERAGE ARE IN ACCORDANCE WITH FILED RATES (IF APPLICABLE) OR THE REGULATED ENTITY'S RATING PLAN.** (2017 NAIC Market Regulation Handbook Chapter 16, § F Standard 1, Chapter 17, § F Standards 2, 3, &5)

1. Is the scheduled rating or individual risk premium modifications plans based on objective criteria?
2. Is the Company using the filed expense multipliers and loss costs?
3. Was the premium calculated correctly? [W.Va. Code §§ 33-20-1 et seq., 23-2C-18 and 23-2C-18a and W Va. Code R. §§ 85-8-10 and 11 and the Company's filed rating rules]

**Q. AUDITS, WHEN REQUIRED, ARE CONDUCTED ACCURATELY AND TIMELY.** (2017 NAIC Market Regulation Handbook Chapter 17, § F Standard 4)

1. Are premium audits conducted in a prompt manner? (NCCI three years after expiration of policy)
2. Is there a structured system in place to conduct audits? [W. Va. Code §§ 33-20-3 and 4 and 23-2C-18a and W.Va. Code R. §85-8-5 and 10.2 and consistent with the NCCI Basic and Scopes manuals?]

COMPLIANCE TABLE

<u>Review Section</u>	<u># Pass</u>	<u># Fail</u>	<u>N/A</u>	<u>Compliance %</u>	<u>Individual Corrective Action</u>	<u>Systemic Corrective Action</u>
A1	1	0		100		
B1	4	12		25		X
B2	14	2		87		X
C1	7	2		78		X
C2	9	0		100		
C3	6	3		67		X
C4	5	4		56		X
D1	1	0		100		
D2	1	0		100		
D3	0	1		0		X
D4	1	0		100		
E1	16	0		100		
F1	n/a	n/a				
G1	n/a	n/a				
H1	20	0		100		
I1	n/a	n/a		n/a		
J1	2	1		67		X
J2	3	0		100		
J3	3	0		100		
J4	2	0	1	100		
J5	3	0		100		
K1	3	0				
L1	20	0		100		
M1	20	0		100		
M2	18	2		90	X	
M3	14	6		70		X
N1	Pass					
N2	Pass					
O	n/a					
P	11	0		100		
Q	11	0		100		

## **OBSERVATIONS**

**B1-** Twelve (12) compensable claims had no initial ruling letter issued in violation of W.Va. Code §§23-4-1c (a) and (b) and & W.Va. Code R. §85-1-10.1.

**B2--** Three (3) claims did not provide the protest clause when required. (Two for the initial ruling letter and one on a permanent disability award). [W.Va. Code §23-5-1(b)(1) & W.Va. Code R. §85-1-7.2]

**C1-** Two (2) claims did not receive a proper notification of a TTD award in violation of W.Va. Code §23-5-1.

**C3-** For three (3) claims, the Company did not calculate and pay indemnity payments correctly in violation of [W.Va. Code §23-4-14(b)(2) and Informational Letter 162A. For one, the Company has requested additional information and will recalculate the payment amount. One has an overpayment of \$195.00 One was originally incorrectly calculated, the Company corrected the underpayment and paid the claimant the additional \$3335.30

**C4-** For four (4) claims the Company did not issue temporary total disability closure letters in accordance with W.Va. Code §§23-5-1.

**D3-** For one (1) claim the Company did not pay the PPD award timely in violation of [W.Va. Code R. §85-1-10.5 c. It was paid in forty days.

**J1-** One (1) denied claim had no ruling letter issued in violation of W.Va. Code §§23-4-1c (a) and (b).

**J4-** No denied ruling letter was issued, therefore having the protest language is not applicable.

**M2-** In two (2) claims the Company did not submit the Subsequent Reports of Injury report(s) in violation of. W.Va. Code §23-2C-5(C)(8) and W.Va. Code R. §85-2-1 Et Seq. and West Virginia Offices of the Insurance Commissioner's Electronic Data Interchange ("EDI") Implementation Guide.

**M3-** In six (6) claims the Company did not report closure of the claim in violation of W.Va. Code §23-2C-5(C)(8) and W.Va. Code R. §85-2-1 Et Seq. and West Virginia Offices of the Insurance Commissioner's Electronic Data Interchange ("EDI") Implementation Guide.



## **RECOMMENDATIONS**

**B1** – It is recommended that the Company issue ruling letters on all claims, as required by W.Va. Code §23-4-1c(a) and W.Va. Code R. §85-1-10.1.

**B2**- It is recommended that the Company provide the protest clause for all claims when required by W.Va. Code §23-5-1(b)(1) & W.Va. Code R. §85-1-7.2.

**C1**- It is recommended that the Company properly notify claimants of temporary total disability awards in accordance with W.Va. Code §23-5-1.

**C3**- It is recommended that the Company should calculate and pay indemnity payments in accordance with W.Va. Code §23-4-14(b)(2) and Informational Letter 162A.

**C4**- It is recommended that the Company issue temporary total disability closure letters in accordance with W.Va. Code §§23-5-1.

**D3**- It is recommended that the Company commence payment of permanent partial disability awards within fifteen (15) working days of the decision granting the award in accordance with W.Va. Code R. §85-1-10.5 c.

**M2**- It is recommended that the Company submit Subsequent Reports of Injury report(s) in accordance with W.Va. Code §23-2C-5(C)(8) and W.Va. Code R. §85-2-1 Et Seq. and West Virginia Offices of the Insurance Commissioner's Electronic Data Interchange ("EDI") Implementation Guide.

**M3**- It is recommended that the Company report closure of claims in accordance with W.Va. Code §23-2C-5(C)(8) and W.Va. Code R. §85-2-1 Et Seq. and West Virginia Offices of the Insurance Commissioner's Electronic Data Interchange ("EDI") Implementation Guide.

**EXAMINER'S SIGNATURE AND ACKNOWLEDGEMENT**

The examiner would like to acknowledge the cooperation and assistance extended by the Company during the examination.

A handwritten signature in dark ink, appearing to read "John C. Stike", written over a horizontal line.

John C. Stike CIE, CPCU, AMCM, CWCP, CIPA, APA, AU, AFI, PAHM  
Examiner-in-Charge

### EXAMINER'S AFFIDAVIT

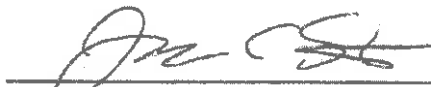
State of West Virginia  
County of Kanawha

#### EXAMINER'S AFFIDAVIT AS TO STANDARDS AND PROCEDURES USED IN AN EXAMINATION

I, John C. Stike, being duly sworn, states as follows:

1. I have the authority to represent West Virginia in the examination of Continental Indemnity Company.
2. I have reviewed the examination work papers and examination report, and the examination of Continental Indemnity Company was performed in a manner consistent with the standards and procedures required by West Virginia.

The affiant says nothing further.



John C. Stike CIE, CPCU, AMCM, CWCP, CIPA, APA, AU, AFI, PAHM

Subscribed and sworn before me by John C. Stike on this April 26, 2018



Notary Public

My commission expires: 10-11-2019

